7. There should be five Recovery Tribunals only for recovering corporate debts to secured creditors.

8. The RBI's guidelines for rehabilitation must be altered to abjure the notion of sacrifices, and instead address the basic issues in appraisal. No write off on new loans. However, whenever write offs are taken, these should be in the form of debt equity coversions; the financial institution should adjust the write off against some equity of the sick company.

9. The Central Board of Direct Taxes (CBDT) should remove all tax hurdles that prevent banks and financial institutions (custodians of public funds) from converting debt to equity of sick companies, particularly when this is recommended by the BIFR.

10. Given the importance of mergers, the CBDT must play a more facilitating and positive role. To aid merges and financial restructuring of sick companies, an additional amendment should be tagged on to the proposed companies Bill: notwithstanding sections 110-PCB, through 112-PCB, companies should be allowed to issue share carrying varying rights to voting and dividend, up to a maximum of 25 per cent of their total paid up share capital.

11. Reforming the Irregular Statements (IS) routinely prepared by commercial banks is a practical way of addressing the issue of early detection. In devising a Revised Irregular Statement (RIS), the existing classification in the first two categories of the presently used Health Code System, HCS, may be replaced by four categories; (a) Satisfactory (b) Irregular (c) Suspect (d) Managerial Input Required.

12. The Companies Act should bs amended so that secured creditors can implement de facto changes in management and/or the Board of Directors in instances of repeated debt defaults.

13. Land sale is the most profitable and economically meaningful way of generating internal resources. However, Urban Land (Celing and Regulations) Act (ULCRA), and local municipal and state-level deterrents and major hurdles. The Central Government should take the lead by asking the Union Territories to amend ULCRA, particularly for BIFR scheme.

14. There is a major barrier to restructuring the work force, which is entirely due to pevailing practices among State governments, particularly the use of sections 25(N) and 25(0) of the Industrial Disputes Act. The Government must try to amend IDA such that there is no need for applying to the appropriate government.

15. The best way of protecting the workers' interest in a firm that is being wound up is to realise the highest possible sale value. To truly reduce the problem of delays in winding up, there must be five fast track Winding-up Tribunals, situated in Bombay, Calcutta, Madras, Delhi and Bangalore.

Smuggling of foodgrains to Myanmar and Bangladesh

2589. DR. SANJAY SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the "Centre" recently assured assistance to the North-Eastern States to effectively check the smuggling of foodgrains out to Myanmar and Bangladesh; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) A multipronged strategy to prevent smuggling of foodgrains from India to Myanmar and Bangladesh has been worked out. The strategy includes stepping up vigilance by Customs and BSF authorities in a fully integrated manner and invoking the provisions of

Essential Commodities Act, 1955 by the State Governments.

Changes in Banking Rules

2590. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Government's attention has been drawn to the news-item which appeared in the 'Times of India' of 29th July, 1993 captioned "Racket in Refund Orders";

(b) if so, what is the Government's reaction thereto;

(c) what is the total amount of losses incurred by the banks due to this racket; and

(d) whether Government propose to bring changes in banking rules to curb such losses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) to (d) The information is being collected and will be laid on the Table of the House.

UBI instructions for not accepting short term deposits from RRB

2591. SHRI ASHIS SEN: Will the Minister of FINANCE be pleased to state:

(a) whether the United Bank of India has instructed its branches not to take any short term deposits from Regional Rural Banks in excess of their respective balances in current account; if so, whether this has been done with Government's approval;

(b) whether the RRBs will be subjected to loss if they are prevented from deploying their surplus funds in short term deposits instead of keeping them in current account with sponsoring banks; if so, what will be the amount of loss for each one lakh of rupees; and

(c) what is the cost of deposit of RRBs sponsored by the United Bank of India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED):

(a) and (b) United Bank of India (UBI) has reported that no such instructions have been issued to the Regional Rural Banks (RRBs) sponsored by it. However, in respect of surplus funds of their RRBs in excess of funds maintained with UBI in current account, certain restrictions on acceptance of any further funds from the RRBs have been placed by the UBI on its branches. No approval of Government is necessary on such matters. The UBI has reported that restrictions have been prescribed so that the RRBs may lend their funds more for approved purposes instead of diverting their funds for deposits. RRBs earn 7.5 per cent per annum on funds kept in current deposits with UBI as against the interest of 13.5 per cent per annum earned against balances kept in short term deposit accounts for 15 days and above.

(c) The cost of deposits of RRBs sponsored by the UBI is 5.69 per cent.

Harassment of SC/ST officers in Gurgaon Gramin Bank

2592. SHRI ASHIS SEN: Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received direct or through RBI or NABARD any complaints that the SC/ST staff of Gurgaon Gramin Bank (Haryana) Officers and non-officers are being harassed in the matter of transfers and postings and are being ill-treated;

(b) whether any enquiry has been undertaken in this regard and what is the outcome; and

(c) what steps have been taken for redressal of their grievances?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND